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Socialism and Medicine, Part 3

by William L. Anderson

Economic historian Robert Higgs has written that people often will hand personal responsibility to the state either when they are fearful that something will happen to them or when they have a fear of losing something. Moreover, governments are able to harness the destructive power of envy, and universal medical care — in which no one supposedly is permitted to have better care than anyone else — is one way that the political classes can successfully take power. Writes physician Jane Orient,

Besides being a scam as far as health is concerned, universal health care is a great way of implementing one of socialism's main objectives through the back door: equalization of incomes through redistribution of wealth. Let us not forget that Lenin called medicine the "keystone in the arch of socialism." In Canada, for example, socialized medicine is a reality of everyday life. Everybody has to have insurance. It is universal, it is mandatory, and it is affordable. People with low incomes may pay as little as \$300 a year through their taxes whether they like it or not.

Those in the upper-income category may pay as much as \$22,000 for the same low-quality insurance policy. Canada's upside-down-and-backward universal health care makes sure that anybody can go to the doctor because of a sniffle without paying the bill. On the other hand those who are really sick are "guaranteed" to be circling around the emergency room or piled up on gurneys in the corridor, and they are forced to pay for such care on the basis of income. It is the ultimate sliding scale.

Can you think of any other product that you have to pay for according to your income? When you buy a car, does the dealer look at your tax return and say, "Well, this car is going to be ten times as much for you as it is for me"? It's a great way to redistribute the wealth.

Orient also notes the economic-calculation issue:

A is the customer, B is the service provider. B tells A what service he should buy. Then a third party pays for it from a common pool of funds. This problem has no economic solution. We have simply disconnected supply from demand by taking the price to be paid directly by the customer out of the equation. Thus we have absolutely no control over the cost of this system. No wonder the cost keeps going up and up and up. Medicare is a perfect example.

Every time the government passes a law to make health insurance more affordable, the expenditures rise and so do the premiums. As a result, the number of uninsured people goes up as well. The only way we can get people to buy such an overpriced product is to use force. Having disconnected the free-market mechanism, the government now must control the supply side by rationing health-related products and services. Of course the word rationing is never used; instead, medical services are *rationalized*.

Because medical care has become a tool of the political classes, there is no way under the current system — whether in this country (which continues to move toward the Canadian system) or in Canada, or anywhere else — that it can develop as it would in a free market. Either medical professionals will throw more resources at medical care than are demanded in the market (the U.S. system) or they will throw fewer resources than for what people would be willing to pay, if they legally could do so (Canada, Great Britain, and other industrialized countries).

But there should be genuine free-market alternatives. Paul Krugman may insist that what we have now is the free market, but he simply is wrong. There really is a better way, one that would produce a healthier society.

There is one thing to remember that is very, very important when speaking of free markets: they are entities that are *free of coercion*. We often fail to remember that free markets are called such precisely because they involve voluntary and consensual behavior on behalf of the individuals involved in those exchanges. This does not mean that people are acting solely on a whim or without urgency, but is rather a reminder that free-market exchanges exist in an atmosphere of freedom — freedom from coercion.

Much of modern medicine and health care does not operate without coercion, and if the advocates of universal health care have their way, there will be even more coercion. Paul Krugman writes in his November 30, 2007, *New York Times* column,

The central question is whether there should be a health insurance “mandate” — a requirement that everyone sign up for health insurance, even if they don’t think they need it. The Edwards and Clinton plans have mandates; the Obama plan has one for children, but not for adults.

Why have a mandate? The whole point of a universal health insurance system is that everyone pays

in, even if they're currently healthy, and in return everyone has insurance coverage if and when they need it.

And it's not just a matter of principle. As a practical matter, letting people opt out if they don't feel like buying insurance would make insurance substantially more expensive for everyone else.

A "mandate" is just another word for coercion or force. Lest anyone think that Krugman is describing voluntary behavior, here is what he has to say about a plan by one presidential candidate, Barack Obama, that is not fully "mandated":

Here's why: under the Obama plan, as it now stands, healthy people could choose not to buy insurance — then sign up for it if they developed health problems later. Insurance companies couldn't turn them away, because Mr. Obama's plan, like those of his rivals, requires that insurers offer the same policy to everyone.

As a result, people who did the right thing and bought insurance when they were healthy would end up subsidizing those who didn't sign up for insurance until or unless they needed medical care....

Mr. Obama claims that mandates won't work, pointing out that many people don't have car insurance despite state requirements that all drivers be insured. Um, is he saying that states shouldn't require that drivers have insurance? If not, what's his point?

Look, law enforcement is sometimes imperfect. That doesn't mean we shouldn't have laws.

Third, and most troubling, Mr. Obama accuses his rivals of not explaining how they would enforce mandates, and suggests that the mandate would require some kind of nasty, punitive enforcement: "Their essential argument," he says, "is, the only way to get everybody covered is if the government forces you to buy health insurance. If you don't buy it, then you'll be penalized in some way."

Well, John Edwards has just called Mr. Obama's bluff, by proposing that individuals be required to show proof of insurance when filing income taxes or receiving health care. If they don't have insurance, they won't be penalized — they'll be automatically enrolled in an insurance plan. That's actually a terrific idea — not only would it prevent people from gaming the system, it would have the side benefit of enrolling people who qualify for S-chip and other government programs, but don't know it.

Whether or not Krugman believes it is a “terrific” idea to force someone to enroll in a health-care plan they would rather not have is irrelevant. What we can say unequivocally is that he believes that some form of coercion is central to a successful system of medical care. Free markets have no place in such a system.

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